

By: Taylor

S.B. No. 366

A BILL TO BE ENTITLED

AN ACT

relating to the authority of political subdivisions to offer certain deferred compensation plans to employees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 609, Government Code, is amended by adding Section 609.1025 to read as follows:

Sec. 609.1025. ROTH CONTRIBUTION PROGRAMS. A political subdivision may:

(1) establish a qualified Roth contribution program in accordance with Section 402A, Internal Revenue Code of 1986, under which an employee may designate all or a portion of the employee's contribution under a 401(k) plan as a Roth contribution at the time the contribution is made; and

(2) if authorized by federal law, establish a program in accordance with the applicable federal law under which an employee may designate all or a portion of the employee's contribution under a 457 plan as a Roth contribution at the time the contribution is made.

SECTION 2. Subchapter B, Chapter 609, Government Code, is amended by adding Section 609.1175 to read as follows:

Sec. 609.1175. LOANS UNDER 457 PLAN. The plan administrator of a 457 plan may develop and implement procedures to efficiently administer a program under the plan that allows a qualified vendor to lend money to a participating employee.

1 SECTION 3. (a) The legislature validates an act taken
2 before the effective date of this Act by a political subdivision to
3 establish and administer:

4 (1) a qualified Roth contribution program in
5 accordance with Section 402A, Internal Revenue Code of 1986;

6 (2) a program in accordance with federal law under
7 which an employee may designate all or a portion of the employee's
8 contribution under a 457 plan as a Roth contribution at the time the
9 contribution is made; or

10 (3) a loan program under a 457 plan.

11 (b) Subsection (a) of this section does not apply to a
12 matter that on the effective date of this Act:

13 (1) is involved in litigation, if the litigation
14 ultimately results in the matter being held invalid by a final court
15 judgment; or

16 (2) has been held invalid by a final court judgment.

17 SECTION 4. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2013.